

Renfrew County Catholic District School Board

Consolidated Financial Statements

For the year ended 31 August 2020



**Renfrew County
Catholic District
School Board**

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MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements:

The accompanying consolidated financial statements of the Renfrew County Catholic District School Board are the responsibility of the Board's management and have been prepared in accordance with the Financial Administration Act, supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Audit Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to the Board of Trustees approval of the consolidated financial statements.

The consolidated financial statements have been audited by MacKillican and Associates, independent external auditors appointed by the Board of Trustees. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Board's consolidated financial statements.

Director of Education

Superintendent of Business Services


Mark Searson


Mary Lynn Schauer

25 January 2021.

*...as an inclusive Catholic
educational community, we
are called to express our
mission as church, to pass
on the Good News of Jesus
Christ, to make it relevant in
the world today, and to be
the hope for the future.*

Renfrew County Catholic District School Board

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For the year ended 31 August 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Renfrew County Catholic District School Board.

Opinion

We have audited the consolidated financial statements of the Renfrew County Catholic District School Board (the Board), which comprise:

- the consolidated statement of financial position as at 31 August 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at 31 August 2020, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004: B2 and Ontario Regulation 395/11 of the Financial Administration Act.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements. As a result, the financial statements may not be suitable for another purpose.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004: B2 and Ontario Regulation 395/11 of the Financial Administration Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at *MacKillican's* website at: http://mackillicans.com/PDF/Auditors_Responsibilities.pdf. This description forms part of our auditor's report.

MacKillican & Associates

RENFREW, Ontario.
25 January 2021.

Chartered Professional Accountants,
Licensed Public Accountants.

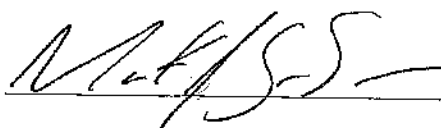
Renfrew County Catholic District School Board

Consolidated Statement of Financial Position

As at 31 August 2020
(with 2019 figures for comparison)

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 11,767,195	\$ 7,659,329
Accounts receivable (Note 2)	3,058,479	2,361,870
Accounts receivable - Government of Ontario (Note 3)	26,026,546	25,415,785
Other	<u>9,793</u>	<u>9,793</u>
	\$ <u>40,862,013</u>	\$ <u>35,446,777</u>
Liabilities:		
Accounts payable and accrued liabilities (Note 4)	\$ 8,669,377	\$ 5,556,673
Net long term debt (Note 8)	12,354,448	13,004,415
Deferred revenue (Note 5)	5,749,650	4,114,716
Deferred capital contributions (Note 6)	45,135,638	46,362,452
Employee future benefits (Note 7)	<u>2,802,216</u>	<u>2,644,821</u>
	\$ <u>74,711,329</u>	\$ <u>71,683,077</u>
Net debt	\$ <u>(33,849,316)</u>	\$ <u>(36,236,300)</u>
Non-financial assets:		
Tangible capital assets - net (Notes 1 (j) and 12)	\$ 48,264,401	\$ 49,588,620
Prepaid expenses	132,625	87,533
Inventories of supplies	<u>193,199</u>	<u></u>
	\$ <u>48,590,225</u>	\$ <u>49,676,153</u>
Accumulated surplus (Note 13)	\$ <u>14,740,909</u>	\$ <u>13,439,853</u>

Approved on behalf of the Board:

 Director of Education

 Chairperson of the Board

(See accompanying notes)

Renfrew County Catholic District School Board
Consolidated Statement of Operations and Accumulated Surplus
For the year ended 31 August 2020
(with 2020 budget and 2019 actual figures for comparison)

	<u>2020</u> <u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Revenue:			
Provincial grants - student needs	\$ 68,167,856	\$ 67,838,917	\$ 68,256,671
- other	724,431	1,085,552	1,223,697
Federal grants and fees	163,150	175,075	197,283
Other revenues - school boards		1,217	11,150
Other fees and revenues	409,451	607,626	923,015
Investment income	30,000	117,172	135,135
School fundraising	1,614,000	1,176,212	1,695,816
Recognition of deferred capital contributions	<u>3,049,662</u>	<u>3,259,911</u>	<u>2,943,200</u>
	<u>\$ 74,158,550</u>	<u>\$ 74,261,682</u>	<u>\$ 75,385,967</u>
Expenses:			
Instruction	\$ 52,113,069	\$ 51,968,711	\$ 53,177,583
Pupil accommodation	11,065,076	10,667,178	11,415,053
Transportation	5,356,478	5,184,629	5,128,401
Administration	3,076,559	3,179,725	2,851,321
Other operating expenses	766,332	867,410	766,971
School funded activities	<u>1,614,000</u>	<u>1,092,973</u>	<u>1,619,574</u>
	<u>\$ 73,991,514</u>	<u>\$ 72,960,626</u>	<u>\$ 74,958,903</u>
Surplus for the year	\$ 167,036	\$ 1,301,056	\$ 427,064
Accumulated surplus, beginning of year	<u>13,439,853</u>	<u>13,439,853</u>	<u>13,012,789</u>
Accumulated surplus, end of year	<u>\$ 13,606,889</u>	<u>\$ 14,740,909</u>	<u>\$ 13,439,853</u>

(See accompanying notes)

Renfrew County Catholic District School Board

Consolidated Statement of Change in Net Debt

For the year ended 31 August 2020
(with 2019 figures for comparison)

	<u>2020</u>	<u>2019</u>
Surplus for the year	\$ <u>1,301,056</u>	\$ <u>427,064</u>
Tangible capital assets:		
Acquisition of tangible capital assets	\$ (2,100,476)	\$ (2,342,280)
Amortization of tangible capital assets	<u>3,424,695</u>	<u>3,107,985</u>
	\$ <u>1,324,219</u>	\$ <u>765,705</u>
Other non-financial assets:		
Decrease (increase) in inventories of supplies	\$ (193,199)	\$ 171,688
Decrease (increase) in prepaid expenses	<u>(45,092)</u>	<u>38,678</u>
	\$ <u>(238,291)</u>	\$ <u>210,366</u>
Decrease (increase) in net debt	\$ 2,386,984	\$ 1,403,135
Net debt, beginning of year	<u>(36,236,300)</u>	<u>(37,639,435)</u>
	\$ <u><u>(33,849,316)</u></u>	\$ <u><u>(36,236,300)</u></u>

(See accompanying notes)

Renfrew County Catholic District School Board

Consolidated Statement of Cash Flows

For the year ended 31 August 2020

(with 2019 figures for comparison)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Surplus for the year	\$ 1,301,056	\$ 427,064
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	3,424,695	3,107,985
Deferred capital contributions revenue net of loss on disposal	(3,259,911)	(2,943,200)
Net change in non cash working capital balances related to operations:		
Decrease (increase) in accounts receivable	(696,609)	826,296
Decrease (increase) delayed grant payments liabilities	(1,111,308)	(11,219,429)
Increase (decrease) in accounts payable and accrued liabilities	3,112,704	(752,745)
Increase (decrease) in deferred revenue	326,247	(132,266)
Increase (decrease) in employee future benefits	157,395	(213,009)
Decrease (increase) in prepaid expenses	(45,092)	38,678
Decrease (increase) in inventories of supplies	<u>(193,199)</u>	<u>171,688</u>
Cash flows from (used for) operating activities	\$ <u>3,015,978</u>	\$ <u>(10,688,938)</u>
Cash flows used for capital activities:		
Cash used to acquire tangible capital assets	\$ <u>(2,100,476)</u>	\$ <u>(2,342,280)</u>
Cash flows from financing activities:		
Long term debt repayments	\$ (649,967)	\$ (621,106)
Increase in accounts receivable - Government of Ontario	500,547	1,857,463
Additions to deferred capital contributions	2,033,097	2,243,880
Increase in deferred revenues - capital	<u>1,308,687</u>	<u>975,122</u>
Cash flows from financing activities	\$ <u>3,192,364</u>	\$ <u>4,455,359</u>
Net increase (decrease) in cash and cash equivalents during the year	\$ 4,107,866	\$ (8,575,859)
Cash and cash equivalents at the beginning of the year	<u>7,659,329</u>	<u>16,235,188</u>
Cash and cash equivalents at the end of the year	\$ <u><u>11,767,195</u></u>	\$ <u><u>7,659,329</u></u>

(See accompanying notes)

Renfrew County Catholic District School Board
Notes to the Consolidated Financial Statements
For the year ended 31 August 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Renfrew County Catholic District School Board (the Board) are prepared by management in accordance with the basis of accounting described below:

a) Basis of Accounting:

The consolidated financial statements have been prepared in accordance with the Financial Administration Act supplemented by Ontario Ministry of Education memorandum 2004:B2 and Ontario Regulation 395/11 of the Financial Administration Act.

The Financial Administration Act requires that the consolidated financial statements be prepared in accordance with the accounting principles determined by the relevant Ministry of the Province of Ontario. A directive was provided by the Ontario Ministry of Education within memorandum 2004:B2 requiring school boards to adopt Canadian Public Sector Accounting Standards commencing with their year ended 31 August 2004 and that changes may be required to the application of these standards as a result of regulation.

In 2011, the government passed Ontario Regulation 395/11 of the Financial Administration Act. The Regulation requires that contributions received or receivable for the acquisition or development of depreciable tangible capital assets and contributions of depreciable tangible capital assets for use in providing services, be recorded as deferred capital contributions and be recognized as revenue in the statement of operations over the periods during which the asset is used to provide service at the same rate that amortization is recognized in respect of the related asset. The Regulation further requires that if the net book value of the depreciable tangible capital asset is reduced for any reason other than depreciation, a proportionate reduction of the deferred capital contribution along with a proportionate increase in the revenue be recognized. For Ontario school boards, these contributions include government transfers, externally restricted contributions and, historically, property tax revenue.

The accounting policy requirements under Regulation 395/11 are significantly different from the requirements of Canadian Public Sector Accounting Standards which require that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100; and
- property taxation revenue be reported as revenue when received or receivable in accordance with public sector accounting standard PS3510.

As a result, revenue recognized in the statement of operations and certain related deferred revenues and deferred capital contributions would be recorded differently under Canadian Public Sector Accounting Standards.

Renfrew County Catholic District School BoardNotes to the Consolidated Financial StatementsFor the year ended 31 August 2020

b) Reporting Entity:

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations accountable for the administration of their financial affairs and resources to the Renfrew County Catholic District School Board (the Board) and which are controlled by the Board.

School generated funds, which include the assets, liabilities, revenues and expenses of various organizations that exist at the school level and which are controlled by the Board are reflected in the consolidated financial statements.

Consolidated entities:

- School Generated Funds

Proportionately consolidated entities:

- Renfrew County Joint Transportation Consortium

Interdepartmental and interorganizational transactions and balances between these organizations are eliminated.

c) Trust Funds:

Trust funds and their related operations administered by the Board are not included in the consolidated financial statements, as these funds are not controlled by the Board.

d) Cash and Cash Equivalents:

Cash and cash equivalents are comprised of cash on hand, cash in bank and short term investments. Short term investments are highly liquid, subject to insignificant risk of changes in value and have a short maturity term of less than 90 days.

e) Investments:

Temporary investments consist of marketable securities which are liquid short term investments with maturities of between three months and one year at the date of acquisition, and are carried on the Consolidated Statement of Financial Position at the lower of cost or market value.

Long term investments consist of investments that have maturities of more than one year. Long term investments are recorded at cost, and assessed regularly for permanent impairment.

f) Deferred Revenue:

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

Renfrew County Catholic District School Board

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

g) Deferred Capital Contributions:

Contributions received or receivable for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services, or any contributions in the form of depreciable tangible assets received or receivable for use in providing services, shall be recognized as deferred capital contribution as defined in Ontario Regulation 395/11 of the Financial Administration Act. These amounts are recognized as revenue at the same rate as the related tangible capital asset is amortized. The following items fall under this category:

- Government transfers received or receivable for capital purposes
- Other restricted contributions received or receivable for capital purposes
- Property taxation revenues which were historically used to fund capital assets

h) Employee Future Benefits:

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include life insurance, retirement gratuity, workers' safety and insurance benefits, long term disability benefits and sick leave benefits.

As part of ratified labour collective agreements for unionized employees that bargain centrally and ratified central discussions with the principals and vice-principals associations, the following Employee Life and Health Trusts (ELHTs) were established in 2016-17: OECTA. The following ELHTs were established in 2017-18: CUPE, OCEW and ONE-T for non-unionized employees including principals, and vice-principals. The ELHTs provide health, life insurance and dental benefits to teachers (excluding daily occasional teachers), education workers (excluding casual staff) and other school board staff (excluding casual and temporary staff). ONE-T ELHT also provides benefits to individuals who retired prior to the school board's participation dated in the ELHT. These benefits are provided through a joint governance structure between the bargaining/employee groups, school board trustees associations and the Government of Ontario. Boards no longer administer health, life and dental plans for their employees and instead are required to fund the ELHTs on a monthly basis based on a negotiated amount per full-time equivalency (FTE). Funding for the ELHTs is based on the existing benefits funding embedded within the Grants for Student Needs (GSN) including, additional ministry funding in the form of a Crown contribution and Stabilization Adjustment.

The Board continues to provide health, dental and life insurance benefits for certain OECTA retired individuals. The Board has no liability for these plans.

The Board has adopted the following policies with respect to accounting for these employee benefits:

- i) The costs of self-insured retirement and other employee future benefit plans are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long term inflation rates and discount rates. The cost of retirement gratuities is actuarially determined using the employee's salary, banked sick days and years of service as at 31 August 2012 and management's best estimate of discount rates. Any actuarial gains and losses arising from changes to the discount rate are amortized over the expected average remaining service life of the employee group.

Renfrew County Catholic District School Board

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as life insurance and health care benefits for retirees and sick leave, the cost is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation, long term disability, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- ii) The costs of multi-employer defined pension plan benefits, such as the Ontario Municipal Employees Retirement System pensions, are the employer's contributions due to the plan in the period;
- iii) The costs of insured benefits are the employer's portion of insurance premiums owed for coverage of employees during the period.

i) Government Transfers:

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made. If government transfers contain stipulations which give rise to a liability, they are deferred and recognized in revenue when the stipulations are met.

Government transfers for capital are deferred as required by Regulation 395/11, recorded as deferred capital contributions (DCC) and recognized as revenue in the consolidated statement of operations at the same rate and over the same periods as the asset is amortized.

j) Tangible Capital Assets:

Tangible capital assets are recorded at historical cost less accumulated amortization. Historical cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset, as well as interest related to financing during construction. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization.

Capitalization threshold are as follows:

Land	All
Land improvements	10,000
Buildings, portable structures and other buildings	10,000
Construction projects in progress	10,000
First-time equipping	All
Furniture and equipment	5,000
Computer hardware and software (including certain software licences)	5,000
Vehicles	All
Leasehold improvements - land	All
Leasehold improvements - buildings	10,000
Leasehold improvements - other	5,000

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

Renfrew County Catholic District School Board

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

j) Tangible Capital Assets (Continued):

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings and building improvements	40 years
Portable structures	20 years
Land improvements with finite lives	15 years
Furniture	10 years
Equipment	5-15 years
Computer hardware	5 years
Computer software	5 years
Vehicles	5 years

Assets under construction and assets that relate to pre-acquisition and pre-construction costs are not amortized until the asset is available for productive use.

Land permanently removed from service and held for resale is recorded at the lower of cost and estimated net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Buildings permanently removed from service and held for resale cease to be amortized and are recorded at the lower of carrying value and estimated net realizable value. Tangible capital assets which meet the criteria for financial assets are reclassified as "assets held for sale" on the consolidated statement of financial position.

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

k) Investment Income:

Investment income is reported as revenue in the period earned.

When required by the funding government or related Act, investment income earned on externally restricted funds such as pupil accommodation, education development charges and special education forms part of the respective deferred revenue balances.

l) Budget Figures:

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Trustees. The budget approved by the Trustees is developed in accordance with the provincially mandated funding model for school boards and is used to manage program spending within the guidelines of the funding model. The budget figures are unaudited.

Renfrew County Catholic District School BoardNotes to the Consolidated Financial StatementsFor the year ended 31 August 2020

m) Use of Estimates:

The preparation of consolidated financial statements in conformity with the basis of accounting described in Note 1 (a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in net expenditures in the periods in which they become known. Significant estimates include assumptions used in estimating the collectability of accounts receivable to determine the allowance for doubtful accounts, in estimating provisions for accrued liabilities, in performing actuarial valuations of employee future benefits liabilities and the estimated useful lives of tangible capital assets.

n) Long Term Debt:

Long term debt is recorded net of related sinking fund asset fund balances.

o) Property Tax Revenue:

Under Canadian Public Sector Accounting Standards, the entity that determines and sets the tax levy records the revenue in the financial statements, which in the case of the Board, is the Province of Ontario. As a result, property tax revenue received from the municipalities is recorded as part of Provincial Legislative Grants.

2. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	<u>2020</u>	<u>2019</u>
Government of Canada	\$ 818,712	\$ 836,469
Government of Ontario	143,387	581,827
Local municipalities	1,841,003	748,175
School boards		250
Other	<u>255,377</u>	<u>195,149</u>
	<u>\$ 3,058,479</u>	<u>\$ 2,361,870</u>

Accounts Receivable - Municipalities

Due to the response to COVID-19, the Province of Ontario extended the deadlines for Municipalities to pay Education Property Tax (EPT) amounts to the Board. This amount for the Board was \$ 1,040,255 (2019 - Nil) and has been included in the accounts receivable on the consolidated statement of financial position. This amount will be recovered fully by the Board in the following school year.

Renfrew County Catholic District School Board

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

3. ACCOUNTS RECEIVABLE - GOVERNMENT OF ONTARIO

The Province of Ontario replaced variable capital funding with a one-time debt support grant in 2009 - 2010. The Board received a one-time grant that recognizes capital debt as of 31 August 2010 that is supported by the existing capital programs. The Board will receive this grant in cash over the remaining term of the existing capital debt instruments. The Board may also receive yearly capital grants to support capital programs which would be reflected in this long term receivable.

The Board has a long term receivable from the Province of Ontario of \$ 13,695,809 (2019 - \$ 14,196,356) with respect to capital grants. The receivable balance is comprised of School Condition Improvement \$ 1,341,361 (2019 - \$ 918,753), Permanently Financed Debt \$ 12,354,448 (2019 - \$ 13,004,415), Community Hubs \$ Nil (2019 - \$ 174,478), Child Care Capital \$ Nil (2019 - \$ 126,089) and Capital Priorities \$ Nil (2019 - (\$ 27,379)).

Delayed Grant Payments:

The Ministry of Education introduced a cash management strategy effective 1 September 2018. As part of the strategy, the Ministry delays part of the grant payment to school boards where the adjusted accumulated surplus and deferred revenue balances are in excess of certain criteria set out by the Ministry. The balance of the delayed grant payments included in the receivable balance from the Government of Ontario is \$ 12,330,737 (2019 - \$ 11,219,429).

4. ACCOUNTS PAYABLE - GOVERNMENT OF ONTARIO

Due to the response to COVID-19, the Province of Ontario extended the deadlines for municipalities to pay Education Property Tax (EPT) amounts to the Board. To mitigate the financial impact of this deferral, the Province adjusted its cash flow through the School Board Operating Grant in July 2020 to pay an additional amount equal to about 25% of the annual education property tax amount as forecasted by the Board in the 2019 - 2020 Revised Estimates. This amount for the Board was \$ 1,770,712 (2019 - \$ Nil). This amount will be recovered by the Province in 2021.

5. DEFERRED REVENUE

Revenues received and that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the consolidated statement of financial position.

Renfrew County Catholic District School Board

Notes to the Consolidated Financial Statements
For the year ended 31 August 2020

5. DEFERRED REVENUE (Continued)

Deferred revenue set-aside for specific purposes by legislation, regulation or agreement as at 31 August 2020 is comprised of:

	Balance as at 31 August <u>2019</u>	Externally Restricted Revenue and Investment <u>Income</u>	Revenue Recognized in the <u>Period</u>	Transfer to Deferred Capital <u>Contributions</u>	Balance as at 31 August <u>2020</u>
Legislative grants:					
Special Education/SEA formula based funding/ABA	\$ 454,705	\$ 9,461,862	\$ 9,372,758		\$ 543,809
Library Staff		83,865	83,865		
Indigenous Education		222,294	201,638		20,656
Student Achievement Envelope		290,452	290,452		
School renewal	2,590,534	1,119,474		\$ 64,433	3,645,575
Minor tangible capital assets		1,698,086	1,698,086		
Rural and Northern Education Fund		256,053	256,053		
Interest on capital		582,287	582,287		
Temporary accommodation	<u>249,159</u>	<u>270,962</u>	<u>17,316</u>		<u>502,805</u>
	<u>\$ 3,294,398</u>	<u>\$ 13,985,335</u>	<u>\$ 12,502,455</u>	<u>\$ 64,433</u>	<u>\$ 4,712,845</u>
Other Ministry of Education grants:					
Misc. EPO	<u>\$ 628,860</u>	<u>\$ 852,940</u>	<u>\$ 849,652</u>	<u>\$ -</u>	<u>\$ 632,148</u>
Third Party grants:					
Operating	\$ 52,976	\$ 213,199	\$ -	\$ -	\$ 266,175
Capital	<u>138,482</u>				<u>138,482</u>
	<u>\$ 191,458</u>	<u>\$ 213,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 404,657</u>
	<u>\$ 4,114,716</u>	<u>\$ 15,051,474</u>	<u>\$ 13,352,107</u>	<u>\$ 64,433</u>	<u>\$ 5,749,650</u>

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions include grants and contributions received that are used for the acquisition of tangible capital assets in accordance with Ontario Regulation 395/11 that have been expended by year end. The contributions are amortized into revenue over the life of the asset acquired.

	<u>2020</u>	<u>2019</u>
Balance at the beginning of the year	\$ 46,362,452	\$ 47,061,772
Additions to deferred capital contributions	2,033,097	2,243,880
Revenue recognized in the year	<u>(3,259,911)</u>	<u>(2,943,200)</u>
Balance at the end of the year	<u>\$ 45,135,638</u>	<u>\$ 46,362,452</u>

Renfrew County Catholic District School Board

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

7. EMPLOYEE FUTURE BENEFITS

The Board provides defined retirement and other future benefits to specified employee groups. These benefits include pension, retirement gratuity, workers' compensation and long term disability benefits.

(a) Retirement Benefits:

(i) Ontario Teachers' Pension Plan:

Teachers and related employee groups are eligible to be members of Ontario Teachers' Pension Plan. Employer contributions for these employees are provided directly by the Province of Ontario. The pension costs and obligations related to this plan are the direct responsibility of the Province. Accordingly, no costs or liabilities related to this plan are included in the Board's consolidated financial statements.

(ii) Ontario Municipal Employees Retirement System:

All qualifying non-teaching and support staff employees of the Board are eligible to be members of the Ontario Municipal Employees' Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The Board contributions equal the employee contributions to the plan. During the year ended 31 August 2020, the Board contributed \$ 847,225 (2019 - \$ 797,226) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's consolidated financial statements.

(iii) Retirement Gratuities:

The Board provides retirement gratuities to certain groups of employees hired prior to specific dates. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. The amount of the gratuities payable to eligible employees at retirement is now based on their salary, accumulated sick days and years of service at 31 August 2012. The liability as at 31 August 2020 is \$ 2,152,548 (2019 - \$ 2,291,877) and total payments for the year were \$ 249,660 (2019 - \$ 306,759).

(b) Other Employee Future Benefits:

(i) Workplace Safety and Insurance Board Obligations:

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Board does not fund these obligations in advance of payments made under the Act. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements. School boards are required to provide salary top-up to a maximum of 4 1/2 years for employees receiving payments from the Workplace Safety and Insurance Board, where the collective agreement negotiated prior to 2012 included such a provision. The liability as at 31 August 2020 is \$ 603,282 (2019 - \$ 314,003) and total work place and safety payments during the year were \$ 17,613 (2019 - \$ 72,507).

Renfrew County Catholic District School BoardNotes to the Consolidated Financial StatementsFor the year ended 31 August 2020

7. EMPLOYEE FUTURE BENEFITS (Continued)

(ii) Sick Leave Benefits:

A maximum of eleven unused sick leave days from the current year may be carried forward into the following year only, to be used to top-up salary for illness paid through the short-term leave and disability plan in that year. The liability as of 31 August 2020 is \$ 46,386 (2019 - \$ 38,941). The benefit costs expensed in the consolidated financial statements are \$ 31,441 (2019 - \$ 61,775).

For accounting purposes, the valuation of the accrued benefit obligation for the sick leave top-up is based on actuarial assumptions about future events determined as at 31 August 2020 (the date at which the probabilities of usage were determined) and is based on the average daily salary and banked sick days of employees as at 31 August 2020.

(iii) Long-term Disability Benefits:

The Board provides long-term disability benefits during the period an eligible employee is unable to work or until their normal retirement date. The Board provides these benefits through an unfunded defined benefit plan. The benefit costs and liabilities related to this plan are included in the Board's consolidated financial statements.

- (c) The accrued benefit obligations for employee future benefit plans as at 31 August 2020 are based on the most recent actuarial valuations completed for accounting purposes as at 31 August 2020 (date actuarial probabilities were determined) and based on updated average daily salary and banked sick days as at 31 August 2020. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2020</u>	<u>2019</u>
	%	%
Inflation	1.5	1.5
Wages and salary escalation	-	-
Discount on accrued benefit obligations	1.40	2.00

Renfrew County Catholic District School BoardNotes to the Consolidated Financial StatementsFor the year ended 31 August 2020

7. EMPLOYEE FUTURE BENEFITS (Continued)

Information with respect to the Board's retirement and other employee future benefit obligations is as follows:

Retirement and other
employee future benefit
liabilities:

	2020				2019
	<u>Sick leave</u>	<u>Retirement Gratuity</u>	<u>WSIB</u>	<u>Total employee future benefits</u>	<u>Total employee future benefits</u>
Accrued employee future benefit obligations	\$ 46,386	\$ 2,604,103	\$ 603,282	\$ 3,253,771	\$ 3,069,387
Unamortized actuarial gains (losses)		(451,555)		(451,555)	(424,566)
Employee future benefits liability	<u>\$ 46,386</u>	<u>\$ 2,152,548</u>	<u>\$ 603,282</u>	<u>\$ 2,802,216</u>	<u>\$ 2,644,821</u>

Retirement and other
employee future benefit
expenses:

	2020				2019
	<u>Sick leave</u>	<u>Retirement Gratuity</u>	<u>WSIB</u>	<u>Total employee future benefits</u>	<u>Total employee future benefits</u>
Current year benefit cost	\$ 46,386		\$ 297,810	\$ 344,196	\$ 94,772
Interest on accrued benefit		\$ 51,832	9,082	60,914	81,806
Amortization of actuarial gain (loss)	(14,945)	58,499		43,554	44,834
Employee future benefit expenses	<u>\$ 31,441</u>	<u>\$ 110,331</u>	<u>\$ 306,892</u>	<u>\$ 448,664</u>	<u>\$ 221,412</u>

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

Renfrew County Catholic District School BoardNotes to the Consolidated Financial StatementsFor the year ended 31 August 2020

7. EMPLOYEE FUTURE BENEFITS (Continued)

	<u>2020</u>				<u>2019</u>
	<u>Sick leave</u>	<u>Retirement Gratuity</u>	<u>WSIB</u>	<u>Total employee future benefits</u>	<u>Total Employee future benefits</u>
Continuity of liabilities:					
Balance, beginning of year	\$ 38,941	\$ 2,291,877	\$ 314,003	\$ 2,644,821	\$ 2,857,830
Expenses for the year	31,441	110,331	306,892	448,664	221,412
Benefits paid	<u>(23,996)</u>	<u>(249,660)</u>	<u>(17,613)</u>	<u>(291,269)</u>	<u>(434,421)</u>
Balance, end of year	<u>\$ 46,386</u>	<u>\$ 2,152,548</u>	<u>\$ 603,282</u>	<u>\$ 2,802,216</u>	<u>\$ 2,644,821</u>
Continuity of obligations:					
Balance, beginning of year	\$ 38,941	\$ 2,716,443	\$ 314,003	\$ 3,069,387	\$ 3,014,943
Actuarial losses (gains)	(14,945)	85,488		70,543	312,287
Current period benefit cost	46,386		297,810	344,196	94,772
Interest on accrued benefits		51,832	9,082	60,914	81,806
Benefits paid	<u>(23,996)</u>	<u>(249,660)</u>	<u>(17,613)</u>	<u>(291,269)</u>	<u>(434,421)</u>
Balance, end of year	<u>\$ 46,386</u>	<u>\$ 2,604,103</u>	<u>\$ 603,282</u>	<u>\$ 3,253,771</u>	<u>\$ 3,069,387</u>
Continuity of unamortized actuarial losses:					
Balance, beginning of year		\$ (424,566)	\$ -	\$ (424,566)	\$ (157,113)
Current year loss (gain)	\$ 14,945	(85,488)		(70,543)	(312,287)
Amortization actuarial losses	<u>(14,945)</u>	<u>58,499</u>		<u>43,554</u>	<u>44,834</u>
Balance, end of year	<u>\$ -</u>	<u>\$ (451,555)</u>	<u>\$ -</u>	<u>\$ (451,555)</u>	<u>\$ (424,566)</u>

Renfrew County Catholic District School BoardNotes to the Consolidated Financial StatementsFor the year ended 31 August 2020

8. NET LONG TERM DEBT

Net long term debt reported on the consolidated statement of financial position comprises of the following:

	<u>2020</u>	<u>2019</u>
Debenture #1 - 5.118%, matures on 6 April 2028	\$ 2,017,003	\$ 2,216,504
Debenture #2 - 4.560%, matures on 15 November 2031	999,037	1,063,853
Debenture #3 - 4.950%, matures on 3 March 2033	488,983	515,918
Debenture #4 - 5.112%, matures on 13 March 2034	683,940	717,431
Debenture #5 - 5.232%, matures on 13 April 2035	1,796,132	1,874,092
Debenture #6 - 4.833%, matures on 11 March 2036	524,457	546,125
Debenture #7 - 3.799%, matures on 19 March 2038	<u>5,844,896</u>	<u>6,070,492</u>
	<u>\$ 12,354,448</u>	<u>\$ 13,004,415</u>

Principal and interest payments relating to net debenture debt of \$ 12,354,448 outstanding as at 31 August 2020 are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020 - 2021	\$ 680,193	\$ 541,008	\$ 1,221,201
2021 - 2022	711,853	509,346	1,221,199
2022 - 2023	745,009	476,188	1,221,197
2023 - 2024	779,739	441,458	1,221,197
2024 - 2025	816,116	405,081	1,221,197
Thereafter	<u>8,621,538</u>	<u>2,139,153</u>	<u>10,760,691</u>
	<u>\$ 12,354,448</u>	<u>\$ 4,512,234</u>	<u>\$ 16,866,682</u>

9. TEMPORARY BORROWING

The Board has a \$ 9,000,000 unsecured operating line of credit available bearing interest at the prime rate minus 0.5%, of which \$ Nil (2019 - \$ Nil) was drawn at year end.

10. DEBT CHARGES AND CAPITAL LOANS INTEREST

	<u>2020</u>	<u>2019</u>
Principal payments on long term debt	\$ 649,966	\$ 621,106
Interest payments on long term debt	<u>571,230</u>	<u>600,092</u>
	<u>\$ 1,221,196</u>	<u>\$ 1,221,198</u>

Renfrew County Catholic District School BoardNotes to the Consolidated Financial StatementsFor the year ended 31 August 2020

11. EXPENSES BY OBJECT

The following is a summary of the expenses reported on the "Consolidated Statement of Operations" by object:

	2019 - 2020 Budget (unaudited) (Note 1 (l))	2019 - 2020 Actual	2018 - 2019 Actual
Expenses by object:			
Salary and wages	\$ 45,346,413	\$ 45,120,573	\$ 45,542,173
Employee benefits	7,885,962	8,038,087	7,707,308
Staff development	709,696	488,231	962,918
Supplies and services	6,932,121	6,463,353	7,853,221
Interest	571,231	571,230	600,092
Rental expenses	50,132	67,753	66,954
Fees and contract services	6,799,081	6,722,812	6,634,343
Other	868,432	970,919	864,335
School funded activities	1,614,000	1,092,973	1,619,574
Amortization of tangible capital assets	<u>3,214,446</u>	<u>3,424,695</u>	<u>3,107,985</u>
	<u>\$ 73,991,514</u>	<u>\$ 72,960,626</u>	<u>\$ 74,958,903</u>

12. TANGIBLE CAPITAL ASSETS

Cost	Balance at 31 August 2019	Additions	Disposals, write-offs, (transfers) and adjustments	Balance at 31 August 2020
Land	\$ 884,299	\$ 67,379		\$ 951,678
Land improvements	3,159,269	1,101,432		4,260,701
Buildings	74,591,771		\$ 2,670,643	77,262,414
Construction in progress	2,097,504	931,665	(2,670,643)	358,526
Portable structures	1,382,346			1,382,346
Furniture	249,221			249,221
First time equipping	170,398			170,398
Equipment	278,835			278,835
Computer hardware	428,474			428,474
Computer software	108,383			108,383
Vehicles	<u>119,160</u>			<u>119,160</u>
Total	<u>\$ 83,469,660</u>	<u>\$ 2,100,476</u>	<u>\$ -</u>	<u>\$ 85,570,136</u>

Renfrew County Catholic District School BoardNotes to the Consolidated Financial StatementsFor the year ended 31 August 2020

12. TANGIBLE CAPITAL ASSETS (Continued)

<u>Accumulated amortization</u>	<u>Balance at 31 August 2019</u>	<u>Amortization</u>	<u>Disposals, write-offs and adjustments</u>	<u>Balance at 31 August 2020</u>
Land improvements	\$ 1,153,598	\$ 220,387	\$ -	\$ 1,373,985
Buildings	30,839,231	3,084,061		33,923,292
Portable structures	840,233	36,133		876,366
Furniture	192,849	12,025		204,874
First time equipping	160,656	3,897		164,553
Equipment	183,925	19,270		203,195
Computer hardware	376,721	14,787		391,508
Computer software	98,079	10,303		108,382
Vehicles	<u>35,748</u>	<u>23,832</u>		<u>59,580</u>
Total	<u>\$ 33,881,040</u>	<u>\$ 3,424,695</u>	<u>\$ -</u>	<u>\$ 37,305,735</u>

<u>Net book value</u>	<u>Balance at 31 August 2019</u>	<u>Balance at 31 August 2020</u>
Land	\$ 884,299	\$ 951,678
Land improvements	2,005,671	2,886,716
Buildings	43,752,540	43,339,122
Construction in progress	2,097,504	358,526
Portable structures	542,113	505,980
Furniture	56,372	44,347
First time equipping	9,742	5,845
Equipment	94,910	75,640
Computer hardware	51,753	36,966
Computer software	10,304	1
Vehicles	<u>83,412</u>	<u>59,580</u>
Total	<u>\$ 49,588,620</u>	<u>\$ 48,264,401</u>

Assets under construction:

Assets under construction having a value of \$ 358,526 (2019 - \$ 2,097,504) have not been amortized.

Amortization of these assets will commence when the asset is put into service.

13. ACCUMULATED SURPLUS

In accordance with the Education Act of Ontario, Section 231(1), effective 1 September 2010, there is restriction on the use of the School Board's accumulated surplus equal to the lesser of the available balance of the accumulated surplus from the preceeding year and 1% of a School Board's operating revenue. Operating revenue is defined as operating allocations from the School Board's Grants for Student Needs from the Ministry of Education of Ontario less any strike savings. Any use beyond 1% will require approval by the Ministry.

The portion of the School Board's accumulated surplus which is available to be used for compliance with this legislative requirement has also been defined by the Ministry. Therefore, the School Board's accumulated surplus presented herein has been segregated between available for compliance and unavailable for compliance.

Renfrew County Catholic District School Board

Notes to the Consolidated Financial Statements

For the year ended 31 August 2020

13. ACCUMULATED SURPLUS (Continued)

Accumulated surplus consists of the following:	<u>2020</u>	<u>2019</u>
Available for compliance - unappropriated:		
Total operating accumulated surplus	\$ 135,978	\$ 135,978
Available for compliance - internally appropriated:		
Retirement Gratuities	428,642	2,021,380
Vacation Pay/Transportation/Information Technology	2,109,076	2,087,492
Maintenance	791,570	783,861
Buildings and grounds	3,125,326	1,818,270
Health and Safety/Miscellaneous	323,306	320,223
Committed capital projects:		
St. Francis of Assisi	965,614	995,325
Bishop Smith Catholic High School	597,893	656,881
St. John XXIII	171,021	202,115
St. Michael's	187,834	221,986
Our Lady of Sorrows	254,723	265,562
Future capital projects	<u>4,005,936</u>	<u>4,030,146</u>
Total accumulated surplus available for compliance	\$ <u>13,096,919</u>	\$ <u>13,539,219</u>
Unavailable for compliance - externally appropriated:		
Employee future benefits - retirement gratuities		\$ (1,592,738)
School generated funds	\$ 692,312	609,073
Revenues recognized for land	<u>951,678</u>	<u>884,299</u>
Total externally appropriated	\$ <u>1,643,990</u>	\$ <u>(99,366)</u>
Total accumulated surplus	\$ <u><u>14,740,909</u></u>	\$ <u><u>13,439,853</u></u>

14. TRUST FUNDS

Trust funds administered by the Board amounting to \$ 781,258 (2019 - \$ 774,705) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

15. ONTARIO SCHOOL BOARD INSURANCE EXCHANGE (OSBIE)

The Board is a member of the Ontario School Board Insurance Exchange (OSBIE), a reciprocal insurance company licensed under the Insurance Act. OSBIE insures general public liability, property damage and certain other risks. Liability insurance is available to a maximum of \$ 27,000,000.

The ultimate premiums over a five year period are based on the reciprocal's and the Board's actual claims experience. Periodically, the Board may receive a refund or be asked to pay an additional premium based on its pro rata share of claims experience. The occurrence of future losses and their impact on future premiums is not determinable.

Renfrew County Catholic District School BoardNotes to the Consolidated Financial StatementsFor the year ended 31 August 2020

16. CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

In the normal course of operations the Board becomes involved in various claims and legal proceedings. While the final outcome with respect to claims and legal proceedings pending at 31 August 2020 cannot be predicted with certainty, it is in the opinion of the Board that their resolution will not have a material adverse effect on the Board's financial position or results of operations.

The Board has commitments with respect to capital projects of \$ 2,073,226 (2019 - \$ 1,964,670). As of 31 August 2020, expenses of \$ 1,142,513 (2019 - \$ 1,421,355) have been incurred.

17. TRANSPORTATION CONSORTIUM

On 23 November 2010, the Renfrew County Joint Transportation Consortium (RCJTC) was incorporated. On 30 September 2010, the Board entered into an agreement with the Renfrew County District School Board in order to provide common administration of student transportation in the Region. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of student transportation for each of the Boards. Under the agreement, decisions related to the financial and operating activities of the Renfrew County Joint Transportation Consortium are shared. No partner is in a position to exercise unilateral control.

This entity is proportionately consolidated in the Board's consolidated financial statements whereby the Board's pro rata share of assets, liabilities, revenues and expenses of the RCJTC are included in the Board's consolidated financial statements. Interorganizational transactions and balances have been eliminated.

The following provides condensed financial information:

	<u>2020</u>		<u>2019</u>	
	<u>Total</u>	<u>Board Portion</u>	<u>Total</u>	<u>Board Portion</u>
Financial position:				
Financial assets	\$ 237,108	\$ 87,188	\$ 419,444	\$ 152,926
Liabilities	(304,617)	(112,012)	(490,022)	(178,658)
Non-financial assets	<u>67,509</u>	<u>24,824</u>	<u>70,578</u>	<u>25,732</u>
Accumulated surplus (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Operations:				
Revenues	\$ 12,776,421	\$ 4,767,046	\$ 12,645,031	\$ 4,686,768
Expenses	<u>(12,776,421)</u>	<u>(4,767,046)</u>	<u>(12,645,031)</u>	<u>(4,686,768)</u>
Annual surplus (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Renfrew County Catholic District School BoardNotes to the Consolidated Financial StatementsFor the year ended 31 August 2020

18. REPAYMENT OF "55 SCHOOL BOARD TRUST" FUNDING

On 1 June 2003, the Board received \$ 8,891,329 from the 55 School Board Trust for its capital related debt eligible for provincial funding support pursuant to a 30 year agreement it entered into with the Trust. The 55 School Board Trust was created to refinance the outstanding not permanently financed (NPF) debt of participating boards who are beneficiaries of the Trust. Under the terms of the agreement, the 55 School Board Trust repaid the Board's debt in consideration for the assignment by the Board to the Trust of future provincial grants payable to the Board in respect of the NPF debt.

As a result of the above agreement, the liability in respect of the NPF debt is no longer reflected in the Board's financial position.

19. SIGNIFICANT EVENT

On 11 March 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID - 19) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID - 19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Board in future periods.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.